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# Female managers stand by their records

By Ivy Schmerken

NEW YORK — A small number of women have started money management firms in the past three years and found the male-dominated pension industry does not care about their sex, only about their investment record.

"Thank God the investment industry is a meritocracy and Attila the Hun is paid well if he does a good job," said Adele S. Weisman, a partner and senior vice president of Roanoke Asset Management, New York, which has more than $200 million under management.

Ms. Weisman, a former treasurer of GAF Corp., is one of about 10 women who have started their own firms, or have moved into the top spots in existing firms in the past three years.

The number of women starting their own investment firms is small. One indicator is that of 106 independent investment counseling firms listed as members of the Investment Counsel Association of America, not one is headed by a woman.

But those who have started their own firms expect many more women, as they gain experience running money in corporations and in financial institutions, to join them.

Among the women who have made the break are:

• Madeline Einhorn Glick, founder of MEG Asset Management, New York, which has close to $200 million under management;

• Joan Payden and Sandra Rygel of Payden & Rygel, Los Angeles, which specializes in managing corporate short-term assets and has $500 million under management;

• Susan Byrne, president of Westwood Management, New York;

• Katherine Magrath, founder and president of Value Quest Ltd., Boston. Ms. Magrath left the Ford Foundation as director of equity investments and was joined by her husband, Terrence Magrath, and two other partners. Ms. Magrath deliberately structured an equal partnership: each person owns 25%.

• Laura Sloate, a co-founder of Sloate, Weisman-Murray, a Wall Street research firm that manages close to $100 million in equities;

• Madelon DeVoe Talley, formerly chief investment officer of the New York State Common Fund, who joined Rothschild Asset Management as president and chief investment officer. Rothschild manages about $500 million in tax-exempt and taxable assets.

• Maryann N. Keller, a leading auto industry analyst who left Mitchell Hutchins to become a partner in Vilas Fischer, New York, which manages $700 million.

The difficulties faced by women in starting their own money man-

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The newspaper of corporate and institutional investing • $3.00 an issue • $60 a year • December 12, 1983

## Meidinger, Mercer pact

By Linda Savage Ruhe

CHICAGO — Two top actuarial and employee benefit consulting firms — William M. Mercer Inc. of New York and Meidinger Inc. of Louisville — are planning to merge.

The two companies signed a letter of intent Dec. 1 to merge, probably next year.

The announcement came shortly after Meidinger broke off discussions of a merger with Touche Ross & Co. of New York.

Meidinger is a privately held company owned by 148 employees. Mercer is owned by Marsh & McLennan Cos. Inc., a financial services company traded on the New York Stock Exchange.

There are 35.5 million shares of Marsh & McLennan stock outstanding. The price of the stock this year has ranged from 36¾ to 48¾, with a current price around 47.

Both Mercer and Meidinger offer actuarial and benefit consulting services. Mercer's annual revenues are roughly four times those of Meidinger's.

Neither company would comment specifically on the negotiations regarding the planned stock swap.

George Faunce, managing director-administration of the consulting and financial services group of Marsh & McLennan, said he expects the merger plans to be worked out sometime in January and the stock swap to come sometime after that. He would not speculate on how the merger would affect the current offices and divisions in each company.

He said that whatever deal is worked out will require the ap-

*Continued on page 64*

## IRS, Treasury act to curb abuses

# Termination restrictions seen

By Joel Chernoff

WASHINGTON — The Treasury Department and the IRS will restrict terminations of overfunded pension plans involving spinoff/terminations and plans replaced with new defined benefit ones, government sources said.

In a spinoff/termination, a sponsor splits the pension plan into two plans — one for retirees and one for active employees. The excess assets are in the retirees' plan, which then is terminated. Excess assets revert to the company.

The move by the two government agencies represents a major step toward curbing an increasing number of actions that some have interpreted as abuses of the tax law.

Numerous employers have sought to terminate their pension plans to recapture surplus assets. The funds have grown tremendously during the bull markets, and high interest rates have pushed down the prices of buying annuities for participants in the terminated plans.

The government likely will allow some of the terminations, sources say. The Internal Revenue Service probably will propose rules establishing which actions are legal.

The policy decision might hang up a number of applications for terminations that are in the works. However, it probably will not affect cases where approval already has been issued.

A number of spinoff/terminations are pending, and have been held up by a moratorium at the Pension Benefit Guaranty Corp.

AMAX Inc. is seeking more than $100 million from the spinoff/termination of its plan for salaried employees, although it claims its funding of the surviving plan is more liberal (*see story on page 22*); Celanese Corp. hopes to recover $300 million from terminating its $700 million plan; and Butler Manufacturing Co. seeks to recapture $12 million from its $25 million plan.

Companies seeking to replace their existing defined benefit plans with similar retirement vehicles include Reynolds Metals Co., which proposes terminating its $480 million plan for salaried employees. Reynolds hopes to recover $130 million in assets.

One attorney expressed concern that the government policy will have "a substantially adverse impact" on funding of current defined benefit plans and adoption of new ones.

"This is just another element that would deter employers from adopting defined benefit plans," he said.

Government officials said they would try to avoid these problems in writing the rules.

Many other pending terminations involve substitution of the defined benefit plan with one or more defined contribution plans, such as profit-sharing plans and employee stock ownership plans. The government's action will not affect these.

Falling into this category, for example, are Occidental Petroleum Corp.'s pending termination of four plans, involving a reversion of about $400 million; Humana Corp.'s projected $40 million recapture from its $100 million plan; Mattel Inc.'s $12 million recovery from its $25 million plan; and AM International's pending recovery of $50 million from its $145 million plan.

Some lawmakers concerned about the general trend of terminations involving reversion of plan assets to employers might not be satisfied that the agencies are planning to stop only certain kinds of termination/reversions. Increasingly, key congressmen have been talking of legislative limits on all reversions.

*Continued on page 64*

# Did funds cap oil firm's move?

By Steve Hemmerick and Kimberly Blanton

HOUSTON — Superior Oil Co. directors won't say whether they rescinded a recently approved anti-takeover measure in response to pressure from institutional shareholders, but it is clear some of the institutions were suspicious of the measure while others plainly didn't like it.

Institutions, including pension funds and brokerage firms, hold as much as 50% of Superior common stock.

On Dec. 5, Superior's board of directors announced it rescinded a convertible stock issue designed to make the company more expensive to acquire. Before then, the board and management stressed to shareholders that they approved of the issue solely as a way to help shareholders, not management.

But some institutional holders of Superior stock, while keeping an open mind, said that before the rescission they weren't yet convinced management didn't have its own interests at heart.

Walter M. Cabot, president of Harvard Management Corp., said he hadn't focused on the Superior Oil matter. But in general, he said, anti-takeover moves have been the road by which managements have "solidified their positions." He said he is against measures that "infringe on shareholders' flexibility or their rights."

A similar comment was made by Philip G. Popkin, assistant investment officer for Teachers Insurance & Annuity Association — College Retirement Equity Fund in New York. Generally, he said, "I think CREF, other institutions and the public would be against any type of move that would make it difficult to negotiate some sort of sale." He added managements know that "one company being sold to another company sometimes means management's job."

*Continued on page 62*

## Late news

### Michigan ups equities

LANSING, Mich. — John Fonger, manager of the $650 million Michigan Municipal Employees Retirement System confirmed the hiring of two equity managers for $15 million each: Thorndike, Doran, Paine & Lewis, Boston, and Eaton & Howard, Vance Sanders Inc., New York.

Also, an existing fixed-income manager, Capital Supervisors Inc., Chicago, was given discretion to invest in equities with up to $15 million of the $150 million it manages.

### Hemphill appointed

DALLAS — Hilton Hemphill, formerly senior vice president of Bank of the Southwest in Houston,

*Continued on page 2*

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## FBI complaint made public

# Chilton wanted in bribery

By Steve Hemmerick

SACRAMENTO, Calif. — The FBI wants to arrest the former chairman of the California State Teachers Retirement System, Gilbert W. Chilton, on a bribery charge.

Authorities would not deny reports that some interest on a $50 million loan for an oil investment in TXPACCO Inc. Mr. Chilton arranged for the system might go unpaid.

According to the FBI spokesman, the complaint alleges Mr. Chilton "authorized transfer of $2 million to TXPACCO. A portion of that money was later paid as a bribe to defendant Chilton by an official of TXPACCO."

The possibility of interest nonpayment has some retirement system board members worried because some teachers have threatened to sue the board members to make up any loss to the system, an investment officer said.

Making matters worse, Charles Francis Raymond, the head of TXPACCO, suffered a heart attack and died while playing tennis. Mr. Raymond earlier had been convicted on a securities swindling charge.

The FBI issued a complaint against Mr. Chilton, a former Fresno, Calif., savings and loan official, July 5, but kept it secret.

Previously, authorities said they were only looking for Mr. Chilton (*Pensions & Investment Age*, July 25).

Now, the FBI says it can't find Mr. Chilton and wants help from the public in locating him.

He is believed to be in the company of Cheryl Ann Ciccarelli. The FBI warned Mr. Chilton should be "considered armed and dangerous." An FBI spokesman said Mr. Chilton has a permit to carry a weapon and he is believed to own numerous handguns.

One source told the FBI Mr. Chilton was seen in the Caribbean.

Another source said it is true that money lent from the retirement

*Continued on page 62*

*Chilton: Investigation has begun*

# DOL settlement contested

By Kimberly Blanton

PEORIA, Ill. — The Department of Labor's proposed settlement with Harold Simmons is being contested in court by other parties taking legal steps against him.

If approved, the settlement would resolve a suit the department brought against Mr. Simmons charging he misused the pension plan assets of companies he controls to buy still more companies.

But companies and union members that also are suing Mr. Simmons believe the agreement sets a bad precedent of leniency. By objecting to the agreement, they effectively are trying to stop it.

The case of Mr. Simmons, the Texas businessman and member of Forbes magazine's exclusive club of the 400 wealthiest individuals, has attracted attention far greater than the relatively small amount of pension assets — $25 million — involved.

"The department has negotiated what it perceives is a good settlement, and there are stiff limitations built into the settlement" to deter Mr. Simmons from similar purchases of stock with plan assets, asserted Gloria Della, Labor Department spokeswoman.

The agreement bars investments by plans for which Mr. Simmons is trustee in companies in which he or associates already hold more than 2% of the stock outstanding. It also bars plan investments in a company in which a plan already holds 5%.

Combined investments by Mr. Simmons' plans cannot exceed 12% of one company's outstanding stock.

Jefferson Trust and Savings Bank, Peoria, filed an objection to the settlement in U.S. District Court here. The bank contends the settlement is a "sanction" on future company acquisitions with plan assets.

The primary complaint by the bank and other involved parties is that Mr. Simmons was not removed as fiduciary of all plans of companies he controls.

Jefferson Trust is trustee for the deferred incentive plan of Keystone Consolidated Industries, which holds stock in Amalgamated Sugar Co. Mr. Simmons has controlling interests in both companies.

"The government's giveaway settlement wholly neglects the right of the plans' participants and beneficiaries to have investment decisions made solely on their behalf," Jefferson Trust's objection states.

The bank's and the Labor Department's suits, which were virtually identical, were heard together. Jefferson Trust was not, however, involved in negotiating the settlement, which is subject to approval by District Judge Michael Mihm.

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Vol. 11, No. 25 — Pensions & Investment Age (ISSN 0273-5466) is published every other Monday at 740 Rush St., Chicago, Ill. 60611. Second class postage paid at Chicago, Ill. and at additional mailing offices. Postmaster: Send address changes to Pensions & Investment Age, Circulation Dept. 740 Rush St., Chicago, Ill. 60611. Copyright 1983.

## Late news

*Continued from page 1*

has been named president of Mercantile Securities Corp., its third president in as many months.

Mr. Hemphill replaces Walter Adams, who resigned last month after two of his key investment staffers announced their resignations (*Pensions & Investment Age*, Nov. 28). Mr. Adams became president after John McStay resigned unexpectedly in September.

In addition to losing key personnel, Mercantile lost a major account — the Pennsylvania State Employees Retirement System.

Mr. Hemphill was a logical choice for the post because Bank of the Southwest's parent company — Southwest Bancshares — is merging with Mercantile Securities' parent — Mercantile Texas Corp. The investment management operations are expected to merge as well.

Mr. Hemphill was senior investment officer at Bank of the Southwest for four years. Previously, he was vice president and director of research for U.S. Trust Co.

### Four leave Becker

NEW YORK — Four more account executives resigned from SEI-Funds Evaluation following the integration of A.G. Becker's performance measurement service with the diversified financial services company.

Resignations since mid-November are: Chadman Roe, a New York-based consultant to corporate pension funds; Ed George, a consultant to corporate pension funds in Philadelphia who covered all of Pennsylvania; Ross McAdam, a representative to institutional money managers in Los Angeles, who reportedly joined a small California investment firm; Bill Weldon, a representative to corporate and Taft-Hartley funds in Boston.

Mr. Weldon, who was the only Becker consultant in Boston, reportedly was considering an offer from a rival pension investment consulting firm.

Three sales representatives and a senior vice president resigned previously (*Pensions & Investment Age*, Nov. 28).

### Dr Pepper acquisition

NEW YORK — Castle & Cooke Inc., a food, real estate, and manufacturing conglomerate in Honolulu, has made a $560 million 11th-hour offer to acquire Dr Pepper, just as Forstmann Little & Co., a Wall Street investment firm, signed an agreement to take over the firm for $512.5 million.

The Castle & Cooke bid would put an extra $2 per share into the selling shareholders' pockets. Forstmann was in the process of buying the firm for $22 per share. It raised the money, in part, from pension funds (*Pensions & Investment Age*, Nov. 28).

Castle & Cooke reportedly has raised the funds from six unnamed banks, and set up an investment group called DPCC Acquisition Corp. The letters DPCC stand for Dr Pepper, Castle & Cooke. Its offer expires Dec. 12.

### Branch files with SEC

NEW YORK — Branch Industries Inc., parent of Branch Motor Express Co., filed a registration statement with the Securities and Exchange Commission in order to issue 1.88 million shares of its common stock to employees through an employee stock ownership plan.

The plan is open to employees participating in a five-year, 15% wage reduction program. The new issue represents 43% of 4.3 million outstanding shares.

### Hearings extended

STAMFORD, Conn. — The Financial Accounting Standards Board has extended the number of days scheduled for public hearings on pension accounting. The hearings now will be held Jan. 11 to 13, and Jan. 18 to 19 at the Roosevelt Hotel in New York City.

The board ascribed the extension to the overabundance of people wanting to make oral statements. The hearings will be held on the preliminary views of the board, which were issued in November 1982, and on the follow-up memorandum issued last April.

The preliminary views pertained to single-employer defined benefit plans only.

The discussion memorandum raised issues of accountability for multiemployer plans, defined contribution plans, foreign plans and plans funded by contracts with insurance companies.

### University appoints

GAINESVILLE, Fla. — The University of Florida's endowment, which has $40 million in assets, hired Montag & Caldwell Inc. of Atlanta to invest about $4 million in equities, Mack Sheldon, business manager confirmed. Montag & Caldwell replaced Wertheim Asset Management Services Inc., New York.

### United Air Lines hires

CHICAGO — United Air Lines Inc. chose Baring International Investment Ltd., London, as an international manager for its more than $2.5 billion fund, according to sources.

# Ward & Wissner not to be acquired

By Ivy Schmerken

NEW YORK — The acquisition of the Carroll McEntee & McGinley Group by Marine Midland Bank includes one of CM&M's investment management firms, but excludes another.

CM&M Asset Management, a subsidiary headed by Lacy Hunt, was part of the merger; Ward & Wissner Capital Management was not part of it.

Jim Ward, a principal of Ward & Wissner, said his firm wants to preserve its independence. Yet other sources suggested Ward & Wissner wanted to be acquired, but Marine Midland wasn't interested.

As the merger with Marine Midland was being negotiated, Ward & Wissner became a thorn in CM&M's side when a lawyer interpreting the Glass-Steagall Act disclosed that a bank cannot own a firm whose principals have an option to buy it, a source said.

However, Mr. Hunt reportedly had the same buy-out arrangement as Messrs. Ward and Wissner.

To resolve the issue, two CM&M principals, Tom Christman and Jim McEntee, who were the majority shareowners in Ward & Wissner, transferred their shares into a voting trust. Neither would comment.

Messrs. Christman and McEntee own 80% of the investment boutique and also hold a $700,000 IOU

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## Rath pact modified

By Joel Chernoff

WASHINGTON — Rath Packing Co. modified its agreement with the Pension Benefit Guaranty Corp. and other creditors to keep the struggling meatpacker alive.

Under the Nov. 29 arrangement, Rath will pay $50,000 in monthly interest charges to use parts of its accounts receivable and inventory, which the PBGC holds as collateral. The company also pledged 15% of its future earnings.

The Waterloo, Iowa-based company filed under Chapter 11 of the bankruptcy code Nov. 1 to gain protection from creditor lawsuits. The company then was delinquent on a $1.7 million payment to the PBGC for its pension debts (*Pensions & Investment Age*, Nov. 14).

Rath terminated its severely underfunded pension plan last year. The PBGC's claim for unfunded guaranteed benefits was estimated at $33.9 million.

To settle PBGC claims against previously waived plan contributions that came due upon plan termination, the company agreed in October 1982 to pay the PBGC $13.9 million during a 13-year period.

In addition, the firm said it would pay the agency a share of its pretax profits for 10 years, beginning in 1985. The schedule provided for Rath giving 15% to 25% of earnings, depending on the level of profits.

Under the new agreement, which was approved by a bankruptcy court in Iowa, Rath will pay the PBGC $50,000 in monthly interest charges against a principal of $5.8 million so it can continue to use the secured portion of its accounts receivable and inventories on a revolving basis.

The company had been allowed to use this collateral under an interim agreement reached Nov. 1. The new agreement extends the arrangement. However, the bankruptcy court will meet Jan. 20 to hear any objections to the revised plan.

As part of the agreement, the PBGC also will have a 15% interest in Rath's future earnings.

### New category of specialists

# Technique SITs well with plans

By Richard J. Gillespie

NEW YORK — An explosion in the demand for a new breed of investment manager has created a new professional, the short-to-intermediate-term, fixed-income specialist.

Sired by rising interest rates, an inverted yield curve and an increased preoccupation with cash management among corporations, the short-to-intermediate-term (known as SIT) specialists have been signing up accounts in record numbers.

"Over the past 12 months, business has been the best that it has ever been," said Richard R. Daniels, vice president of Lehman Management Co. Inc., which has signed up $1.5 billion worth of new accounts during the past six months.

"Of all the articles written (on the subject of cash management), only 1% are on the investment of short-term funds, but it is very likely that we will be getting more than 1% in the future," he said.

"It is a fast, fast growing area.

"The general size and the number of inquiries is a good example of the growing liquidity of corporate America," said Fred H. Josephs, a vice president with Citibank's capital market's group, which has taken on 10 to 15 new accounts worth $500 million for corporate cash management alone during the past 12 months. The group now has $3.5 billion under management for outside clients, which include corporate and union pension funds as well as charitable funds, endowments, foundations and high-net-worth individuals.

**Cash management**

"Corporate America is cash rich, and you are seeing it in these massive pools of funds that are developing in the market," Mr. Josephs said.

Another Wall Street firm, Discount Corporation of New York Advisors, has taken on just three accounts during the past 12 months — but three accounts with a total value of $275 million.

Payden & Rygel, a firm that had been in business for only three months by the beginning of December, already has $500 million under management.

However, the firm, started by former employees of the Los Angeles office of Scudder, Stevens & Clark, began life with several former clients of Scudder, Stevens.

Another new firm, Liberty Capital Management in New York, started in October 1982 and now has $240 million under management in 45 accounts.

Elsewhere, specialized SIT management techniques introduced by the options futures group of Chase Investors Management Corp. have enjoyed an extraordinarily brisk business.

Started in early 1982, the programs have attracted about $816 million, according to Eric Seff, vice president.

The firm offers three different programs for the management of SIT corporate funds that are all tax-advantaged programs, he said.

Many other banks that offer professional short-term investment management have reported rapid activity in the area as corporations seek a more professional approach to the management of their newfound bundles of cash.

Most of the SIT pioneers started out in 1978 managing money for savings and loan, thrift institution and even central banks, which needed higher yields on the cash they had idling.

One exception was Scudder, Stevens & Clark, which has been offering a professional corporate cash management service for the past six years and always specialized in true cash management.

More recently, SIT specialists have been garnering those portions of the nation's burgeoning corporate cash kitties that will not be required for immediate use.

At the same time, numerous SIT specialists say they have been canvassed out of the blue by pension funds and their consultants to run special fixed-income accounts

*Continued on page 58*

# Funds may retain CD insurance

By Joel Chernoff

WASHINGTON — Two bank regulatory agencies reportedly have agreed that pension fund investments in federally insured certificates of deposit will not lose any deposit insurance even if new restrictions are imposed on coverage for corporate cash managers.

Such a decision is important to smaller pension funds that have their assets invested in CDs and take comfort in the insurance.

Although the Federal Deposit Insurance Corp. denied it has reached the agreement on pension fund investments, other officials at both the FDIC and the Federal Home Loan Bank Board said they have decided pension fund investments in federally backed banks and savings and loans still will be insured for up to $100,000 per beneficiary.

However, carving out a special exception for one group of investors might cause the agencies to scuttle their entire plan to impose limits on insurance coverage for corporate and institutional investors.

It would be extremely difficult to distinguish between investments made by pension funds and other investors because they usually are handled by brokers.

The effect of imposing such rules could close off some banks and savings institutions from the capital markets, which would be contrary to government aims.

The bank regulators are caught on "the horns of a dilemma," said one observer.

The FDIC is concerned that "we do not pull into our net legitimate kinds of third-party trustee accounts like pension funds," said Margaret Egginton, deputy to Chairman William M. Issac. Ms. Egginton denied any agreement had been reached.

Both agencies are aware of the situation and do not want to pass the burden for CDs that go sour onto plan participants, she said.

On the other hand, pension funds are smart enough to judge the quality of the certificates, Ms. Egginton continued.

The FDIC and Federal Home Loan Bank Board are considering restricting insurance limits on CDs bought by large investors through various brokered techniques (*Pensions & Investment Age*, Nov. 14).

Providing 100% coverage to large investors, "may disrupt market discipline by eliminating the need for risk-sharing by large depositors," the agencies said in their request for comments.

They also are concerned that large investors are receiving full federal insurance on their investments, even though deposit insurance laws were written to protect small investors.

If more restrictive rules are adopted, investors would be forced to take a harder look at the banks issuing the CDs.

While the agencies are concerned about all institutional investment activity, pension fund investments will be treated differently, according to sources.

An informal agreement between the agencies was made because restrictions would cause "negative implications politically and socially," said one FDIC official.

Changing the status of pension funds after earlier efforts to attract pension fund money into bank and S&L products "wouldn't make any sense at all," said one bank board official.

In 1979, the bank regulators rewrote their rules to allow pension funds to be insured in bank products for up to $100,000 per beneficiary. This action was designed to encourage pension fund investments in smaller and regional banks, which often pay a higher rate of interest on deposits.

However, many large pension funds stick to the major national banks, despite the additional premium available elsewhere.

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# Survey shows 1 of 6 citizens a shareholder

By Pavan Sahgal

BOCA RATON, Fla. — One of every six Americans has a stake in U.S. business through the direct ownership of corporate stock, the New York Stock Exchange reports.

The numbers do not include those who participate in the stock market indirectly through pension plans. If pension participants also were to be included, *Pensions & Investment Age* estimates one of 1.3 Americans holds an equity interest in corporate America.

According to the latest NYSE survey of U.S. share ownership, 42.36 million of the 234.5 million Americans are share owners in corporate America.

Consumers held, directly, about $1 trillion in stocks when the market touched bottom Aug. 12, 1982, and these assets appreciated by about $600 billion — or 60% — by mid-1983, reports the NYSE.

For the first time since 1975, women outnumber men — 51.5% to 48.5% — as direct investors in the stock market.

More than 32% of adult stock owners first acquired stock through an employee stock purchase plan, although a majority of share owners continue to report they first acquired stock through brokers, the NYSE survey found.

"One out of three share owners currently participates in such a plan," said William M. Batten, chairman and chief executive officer of the NYSE. "And more than half of these participants tell us that this is the only way they have ever acquired equities.

"Somewhat surprisingly, we found that while more than 45% of the nation's 42.4 million (direct) share owners participate in IRA (individual retirement account) or Keogh plans, very few first acquired stock through them."

Mr. Batten was speaking at the Securities Industry Association's annual convention here. More than 1,000 participants attended Nov. 29 through Dec. 2.

"The essential news, quite obviously, is that the securities industry's customer base has expanded by a whopping 10 million individuals, including 7 million relatively affluent, mostly younger people who have never owned stocks before," said Mr. Batten.

"It is probably safe to assume, too, that most of these new customers and prospective customers still do not know very much about such relatively new components of securities firms' product mixes as options and futures.

"So, while the marketing challenges and opportunities implicit in these survey findings are little short of staggering, it will be essential for the industry to approach them in a highly responsible manner.

"It is always desirable to know who your customers are."

The NYSE study — and Mr. Batten in his speech — played down the role of institutional investors and their megaportfolios, a major force in the market.

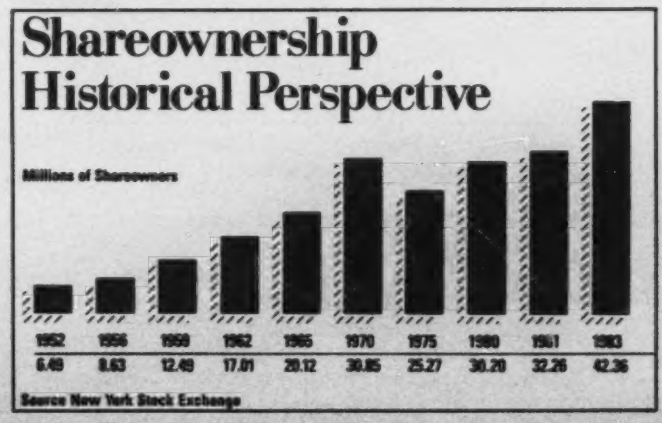
An estimated 133 million Americans hold stock in American corporations indirectly, through pension plans or other institutionally managed investments.

Such institutional portfolios often are worth billions of dollars, compared with the median portfolio value of $5,100 in mid-1983 for the individual adult stockholder. The median portfolio was worth $5,450 in mid-1981.

"An average of more than 5 million Americans have entered the share owner ranks in each of the past two years," Mr. Batten said. "That is about 2.5 times the one-year increase recorded in the preceding survey (in 1981) and by far the highest annual average for any period since the exchange began monitoring share ownership back in 1952."

The new total includes 7.3 million adults who entered the stock market for the first time during the

*Continued on page 55*



## Holders . . .

*Continued from page 3*

past two years. It also included 2.5 million adults who had disposed of their equity holdings prior to mid-1981 and re-entered the market between then and mid-1983, when the latest study was conducted.

"We used to think of ages 45 to 54 as the 'golden years of investing,' but that is no longer the case," Mr. Batten said. "Today, nearly 19 million share owners are between the ages of 21 and 44."

The new "small" investors, with portfolios valued at less than $5,000, outnumber new share owners with larger portfolios by a margin of 5-2, according to the NYSE study. In the group, women outnumber men by almost 3 to 2.

"It may be more pertinent to focus more specifically on someone who is typical of the 7.3 million new adult share owners," Mr. Batten said.

"She is a 34-year-old married woman who lives in a large metropolitan area. She has attended, and probably graduated from college. She is likely to be employed, full-time, in a clerical or sales capacity — although many of her counterparts are working in the professions or as managers."

Batten: New 'golden years'

The stock portfolios of the typical direct investor and her counterparts are valued at a modest $2,200. These investors might be more willing than older investors to take moderate financial risks in the hope of obtaining above-average gains, Mr. Batten pointed out.

He also reported that stock market mutual funds have gained popularity during the past two years. According to the NYSE study, 24% of share owners held such funds in mid-1983, compared with 16% in mid-1981. Mutual funds have been particularly popular with IRA and Keogh plan investors.

New York continued to be the metropolitan area with the largest number of share owners, while Los Angeles took over second place from Chicago, the NYSE study found.

However, the largest total number of share owners is in California, 5.36 million, followed by New York with 4.69 million and Texas, 2.6 million.

## Citicorp buys interest in firm

NEW YORK — Citicorp's Capital Markets Group agreed to purchase a 29.9% interest in Vickers Da Costa (Holdings) P.L.C., a securities firm that trades on the London Stock Exchange. Vickers Da Costa provides advice and research on companies; the firm's specialty is Far East securities. In a similar move last year, Security Pacific Bank, San Francisco, bought a stake in Hoare Govett Ltd., a London-based securities firm. ■

# Funds retain CD insurance . . .

*Continued from page 3*

Numerous smaller banks and savings and loans have awakened to the advantages of the federal insurance, and have started offering products that have the high level of protection.

In particular, both pension funds and marketers of "socially responsible" investments have realized they can offer a rate of return near a Treasury bill level while providing equivalent safety.

For example, the American Indian Bank recently announced a new product that would reinvest dollars in reservations.

Also, the Pacific Coast Roofers Pension Plan aims to provide capital for homeowners seeking reroofing jobs from union contractors by investing $3 million of plan assets in a local bank CD (see story on page 4).

The agencies' agreement comes despite concerns regarding "multiple insurance coverage" provided for pension fund investments.

"It is not the FDIC's or board's intention to shift the risk of loss to the beneficiaries of trusteed or custodial accounts; rather, it is hoped that fiduciaries will be held to a higher standard of care in the placement of funds," the agencies said in their request for comment.

However, responses from brokers and other financial institutions weighed heavily against taking away protections for pension funds.

Limiting multiple insurance for pension funds would reduce "confidence in the banking system and (reduce) the ability of small financial institutions to compete effectively with large institutions," said Randolf H. Aires, vice president of Sears, Roebuck Co.'s governmental affairs office.

The move particularly would hurt thrift institutions' ability to raise funds, Mr. Aires said.

Other commentators agreed. "Without FDIC, or FSLIC insurance, investors would not take the time, nor incur expense, to exercise judgment or 'market discipline' to determine the banks in which to make deposits," wrote Gerard L. Snyder, president of CDx, a Washington-based money broker.

"Instead, institutional investors will completely avoid smaller depository institutions," Mr. Snyder continued.

"The result will be that the funds will be deposited in the larger money center banks or be taken out of the banking system and placed in non-banking financial instruments," he said.

Roger M. Vasey, chairman and president of Merrill Lynch Capital Markets, said that pension funds already have other reasons to evaluate the worthiness of the institution issuing a CD.

"Trustees and other managers of pension funds and similar custodial arrangements must maintain a high level of investment liquidity," Mr. Vasey wrote.

Moreover, Congress indicated pension fund beneficiaries are entitled to a special measure of protection, he added.

The American Bankers Association, while sympathetic to the government's problems, opposed limitations on multiple insurance.

"Such a limitation would constitute an entirely unacceptable transfer of the risk of failure of a depository institution onto small beneficiaries of these accounts without any concurrent improvement in the safety and soundness of the banking system or in the security of the deposit insurance funds." ■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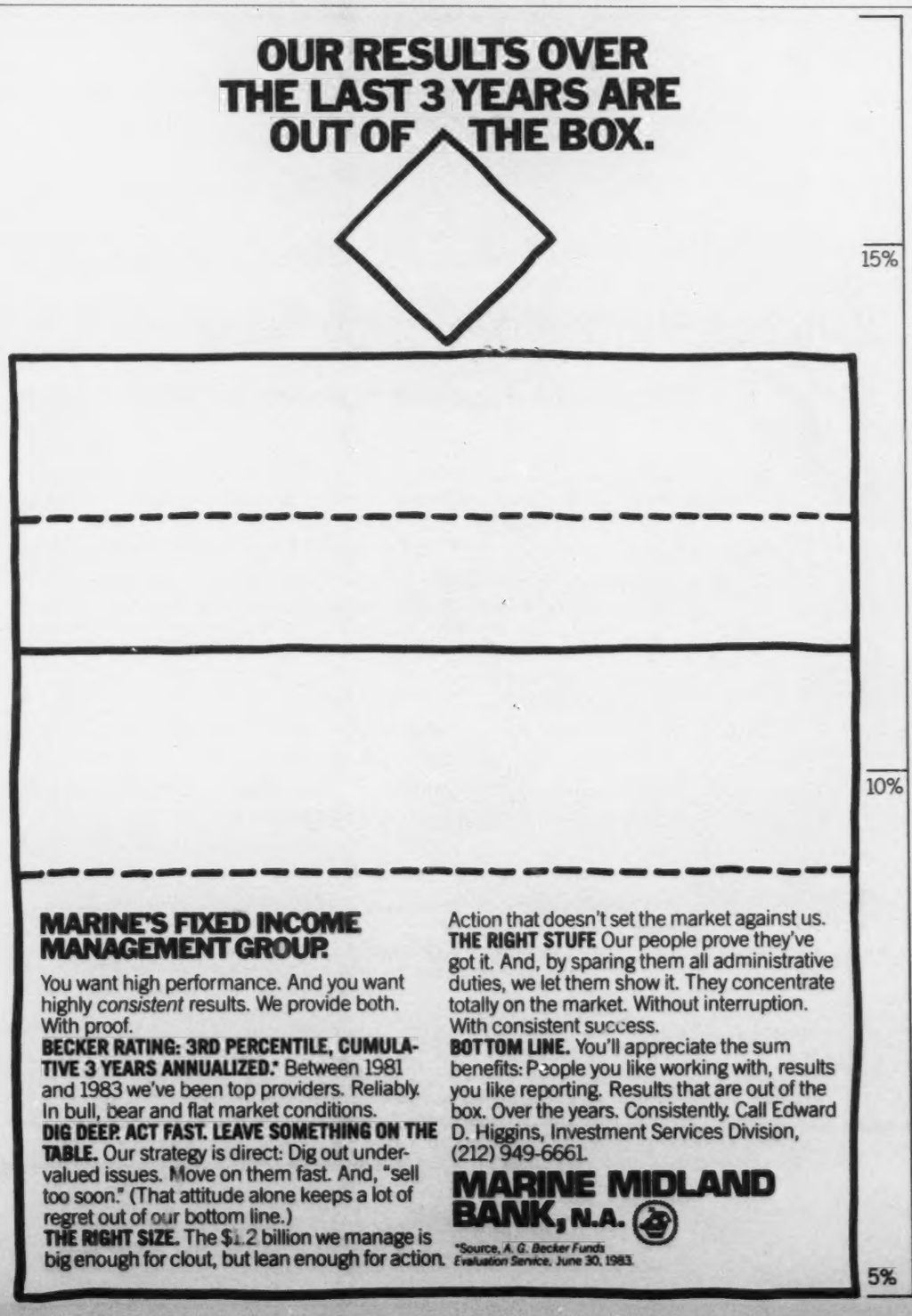


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*Source, A. G. Becker Funds Evaluation Service, June 30, 1983.